

112TH CONGRESS
2D SESSION

H. R. 4260

To amend the Internal Revenue Code of 1986 to allow an income disparity tax credit.

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2012

Ms. CLARKE of New York introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow an income disparity tax credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Adjusting for Income
5 Disparity Act of 2012”.

6 **SEC. 2. INCOME DISPARITY TAX CREDIT.**

7 (a) IN GENERAL.—Part IV of subchapter A of chap-
8 ter 1 of the Internal Revenue Code of 1986 is amended
9 by inserting after section 32 the following new section:

1 **“SEC. 32A. INCOME DISPARITY CREDIT.**

2 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
3 dividual, there shall be allowed as a credit against the tax
4 imposed by this subtitle for the taxable year an amount
5 equal to income disparity credit amount with respect to
6 the taxpayer for the taxable year.

7 “(b) INCOME DISPARITY CREDIT AMOUNT.—For
8 purposes of this section—

9 “(1) IN GENERAL.—The income disparity credit
10 amount shall be an amount equal to the applicable
11 credit amount reduced (but not below zero) by the
12 applicable percentage of so much of the taxpayer’s
13 modified adjusted gross income as exceeds the
14 phaseout threshold.

15 “(2) APPLICABLE AMOUNT; PERCENTAGE.—The
16 applicable credit amount, the applicable percentage,
17 and the phaseout threshold shall be determined as
18 follows:

“In the case of a taxpayer with:	The applicable credit amount is:	The applicable percentage is:	The phaseout threshold is:
No dependents	\$2,500	3 $\frac{1}{3}$	\$15,000
1 dependent	\$4,000	5 $\frac{1}{3}$	\$20,000
2 dependents	\$4,500	6	\$25,000
3 or more dependents	\$5,000	6 $\frac{2}{3}$	\$30,000.

19 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
20 poses of this section—

1 “(1) DEPENDENT.—The term ‘dependent’ has
2 the meaning given such term by section 152 (deter-
3 mined without regard to subsections (b)(2) and
4 (d)(1)(B) thereof.)

5 “(2) MODIFIED ADJUSTED GROSS INCOME.—
6 The term ‘modified adjusted gross income’ means
7 adjusted gross income increased by—

8 “(A) any amount excluded from gross in-
9 come under section 911, 931, or 933,

10 “(B) any amount of interest received or
11 accrued by the taxpayer during the taxable year
12 which is exempt from tax,

13 “(C) an amount equal to the portion of the
14 taxpayer’s social security benefits (as defined in
15 section 86(d)) which is not included in gross in-
16 come under section 86 for the taxable year, and

17 “(D) any Federal assistance otherwise ex-
18 cluded from gross income.

19 “(3) MARRIED INDIVIDUALS.—In the case of an
20 individual who is married (within the meaning of
21 section 7703), this section shall apply only if a joint
22 return is filed for the taxable year under section
23 6013.

24 “(4) RULE FOR EXCESSIVE INVESTMENT IN-
25 COME.—No credit shall be allowed under subsection

1 (a) for the taxable year if the aggregate amount of
2 disqualified income (as defined in section 32(i)(1))
3 of the taxpayer for the taxable year exceeds \$3,100.

4 “(5) DEPENDENT INELIGIBLE.—If an indi-
5 vidual is a dependent with respect to a taxpayer for
6 any taxable year of such taxpayer beginning in a cal-
7 endar year, such individual shall not be allowed a
8 credit under this section for any taxable year of such
9 individual beginning in such calendar year.

10 “(6) LIMITATION ON ELIGIBILITY OF NON-
11 RESIDENT ALIENS.—No credit shall be allowed with
12 respect to any individual who is a nonresident alien
13 individual for any portion of the taxable year unless
14 such individual is treated for such taxable year as a
15 resident of the United States for purposes of this
16 chapter by reason of an election under subsection
17 (g) or (h) of section 6013.

18 “(7) PRINCIPAL PLACE OF ABODE IN UNITED
19 STATES.—

20 “(A) IN GENERAL.—No credit shall be al-
21 lowed with respect to an individual for a taxable
22 year, unless such individual’s principal place of
23 abode is in the United States for more than 1/2
24 of such taxable year.

1 “(B) TREATMENT OF MILITARY PER-
2 SONNEL STATIONED OUTSIDE THE UNITED
3 STATES.—Rules similar to the rules of section
4 32(c)(4) shall apply for purposes of subpara-
5 graph (A).

6 “(8) MINIMUM HOURS OF SERVICE.—

7 “(A) IN GENERAL.—No credit shall be al-
8 lowed under subsection (a) with respect to an
9 individual unless such individual (or, if married,
10 such individual’s spouse) has performed 390
11 hours of service or more for an employer during
12 the taxable year.

13 “(B) SPECIAL RULE FOR SELF-EMPLOY-
14 MENT.—A taxpayer who is an employee within
15 the meaning of section 401(c)(1) shall be treat-
16 ed as performing service for an employer for
17 purposes of this paragraph.

18 “(9) IDENTIFYING INFORMATION REQUIRED.—
19 No credit shall be allowed under subsection (a) with
20 respect to an individual unless the TIN of such indi-
21 vidual, and the TIN of any dependent taken into ac-
22 count under this section with respect to such indi-
23 vidual, is included on the return claiming the credit.

24 “(d) INFLATION ADJUSTMENT.—In the case of any
25 taxable year beginning in a calendar year after 2012, each

1 of the dollar amounts in the table in subsection (b)(2) and
 2 the dollar amount in subsection (c)(4) shall be increased
 3 by an amount equal to—

4 “(1) such dollar amount, multiplied by

5 “(2) the cost-of-living adjustment determined
 6 under section 1(f)(3) for the calendar year in which
 7 the taxable year begins, determined by substituting
 8 ‘calendar year 2011’ for ‘calendar year 1992’ in sub-
 9 paragraph (B) thereof.

10 Any increase determined under the preceding sentence
 11 shall be rounded to the nearest multiple of \$10.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
 13 for part IV of subchapter A of chapter 1 of such Code
 14 is amended by inserting after the item relating to section
 15 32 the following new item:

“Sec. 32A. Income disparity credit.”.

16 (c) EFFECTIVE DATE.—The amendments made by
 17 this section shall apply to taxable years beginning after
 18 December 31, 2011.

19 **SEC. 3. ACCELERATION OF EGTRRA SUNSET.**

20 (a) IN GENERAL.—Section 901 of the Economic
 21 Growth and Tax Relief Reconciliation Act of 2001 is
 22 amended by striking “December 31, 2012” and inserting
 23 “December 31, 2011”.

24 (b) EFFECTIVE DATE.—The amendment made by
 25 this section shall take effect as if included in the enact-

1 ment of the Economic Growth and Tax Relief Reconcili-
2 ation Act of 2001.

3 **SEC. 4. ACCELERATION OF JGTRRA SUNSET.**

4 (a) IN GENERAL.—Section 303 of the Jobs and
5 Growth Tax Relief Reconciliation Act of 2003 is amended
6 by striking “December 31, 2012” and inserting “Decem-
7 ber 31, 2011”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall take effect as if included in the enact-
10 ment of the Jobs and Growth Tax Relief Reconciliation
11 Act of 2003.

○